

Message Text

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ACTION TRSE-00

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P 311610Z MAY 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 6708

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PASS TREASURY FOR DEPUTY ASST SECY MATTHEW J. MARKS

E.O. 11652: N/A

TAGS: ETRD, AR

SUBJ: COUNTERVAILING DUTIES--ARGENTINE FOOTWEAR

REF: BA 3940

1. SUMMARY: US TEAM AND EMBASSY OFFICERS HAVE MET WITH OFFICIALS OF FONMIN AND MIN OF ECON AND FOUND GOA UNWILLING SUPPLY INFORMATION CONCERNING ARGENTINE EXORT PROMOTION SYSTEM. ORIGIN OF APPARENT MISUNDERSTANDINGS IN CONNECTION WITH ARGENTINE AGREEMENT RECEIVE TEAM AND SUPPLY INFORMATION ARE BLAMED ON ARGENTINE EMBASSY IN WASHINGTON. US TEAM GATHERING INFORMATION FROM ON GOA SOURCES AND PLANS RETURN US ABOUT JUNE 3. END SUMMARY.

2. BACKGROUND TO ABOVE AND REFTEL DEVELOPED AS FOLLOWS. EARLY ON MAY 28 WE SOUGHT INITIAL CONTACT AND DISCUSSIONS WITH MIN OF FOREIGN AFFAIRS INFORMING THEM THAT WE HOPED EXPLAIN VISIT AND REASONS THERE FOR PLUS SEEK COOPEATION FONMIN IN ARRANGING APPROPRIATE APPOINTMENTS FOR US TEAM WITH OTHER GOA DEPARTMENTS AND AGENCIES. OFFICIALS OF FONMIN HEAVILY ENGAGED MAY 28 AND 29 IN PREPARING FOREIGN MIN VIGNES FOR HIS CURRENT VISIT TO PERU AND WER UNABLE TO RECEIVE US TEAM ON THOSE DAYS. FONMIN OFFICIALS THEN SUGGESTED, AND US GROUP ACCEPTED, FIRST APPOINTMENT IN SECRETARIAT FOR FOREIGN COMMERCE MAY 29 AS REPORTED REFTEL.

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3. DURING MEETING WITH MELERO HE FIRST LISTENED TO PRE-

SENTATIONS BY IRVIN CONCERNING BACKGROUND TO USG REQUEST THAT FACTFINDING TEAM BE RECEIVED INCLUDING REASONS FOR PRESENT TIMING OF VISIT. IRVIN PRESENTATION TERMINATED WITH REQUEST FOR COOPERATION FROM GOA IN PROVIDING FULLEST POSSIBLE INFORMATION ON EXPORT PROMOTION PROGRAM AND OPERATION OF SYSTEM. MELEROS RESPONSE CLOSELY APPROACHED EMOTIONAL HARANGUE AND WAS OBVIOUSLY IN ACCORD WITH PRECISE INSTRUCTIONS HE HAD RECEIVED FROM SUPERIORS. IT WAS ALONG FOLLOWING LINES: POSSIBILITY OF COUNTERVAILING DUTY IN US ON ARGENTINE FOOTWEAR RECOGNIZED AS SERIOUS AND VERY SENSITIVE PROBLEM. IT IS A POLITICAL PROBLEM NOT A TECHNICAL PROBLEM. ARGENTINA TOGETHER WITH OTHER DEVELOPING COUNTRIES HAS BEEN PUSHED BY US AND OTHER DEVELOPING COUNTRIES TO EXPAND AND DIVERSIFY EXPORTS. WHEN THEY SEEK TO DO SO, EVEN AT SEVERE FISCAL SACRIFICE, THEY ARE FACED WITH US ACTION SUCH AS IMPLEMENTATION COUNTERVAILING DUTIES. IN ARGENTINA SUCH ACTION MUST BE VIEWED AS ANOTHER US FAILURE LIVE UP TO ITS COMMITMENTS TO FACILITATE ENTRY LATIN AMERICA AND OTHER LDC GOODS. AFTER STATING REACTION TO ANY COUNTERVAILING DUTY MEASURES BY US WOULD BE STRONG AMONG ARGENTINE PUBLIC AND WITHIN ARGENTINE CONGRESS WHERE, HE OPINED, THERE WAS LIKELIHOOD OF RETALIATORY ACTION WHICH GOA WOULD BE HELPLESS TO AVOID, MELERO STATED PROBLEM IS A POLITICAL ONE SOLVABLE ONLY US POLITICAL DECISION. HE STATED FLATLY GOA NOT DISPOSED TO PROVIDE DATA AND INFORMATION REQUESTED BY US TEAM.

4. ON MAY 30, IRVIN AND ECON COUNSELOR ELSBERND MET IN FOREIGN AFFAIRS MINISTRY WITH AMBASSADOR ALBERT PEREZ VILLAMIL, DEPUTY TO THE UNDERSECRETARY FOR INTERNATIONAL ECONOMIC RELATIONS AND MIN PATRICIO PEREZ QUESADA, DEPUTY TO THE DIRECTOR, OFFICE FOR NORTH AMERICAN AFFAIRS. ELSBERND OUTLINED THE EVENTS LEADING UP TO IRVIN/KANE VISIT AND INDICATED CONCERN OVER POSITION TAKEN BY SECRETARIAT FOR FOREIGN COMMERCE, MIN OF ECON, REFLECTED IN MELERO STATEMENT (SEE REFTEL) GOA NOT DISPOSED TO PROVIDE DETAILED DATA ON GOA EXPORT PROMOTION SYSTEM TO US TEAM. ALSO INDICATED THAT MINECON POSITION WAS UNPLEASANT SURPRISE IN VIEW OF AGREEMENT BY GOA VOICED EARLIER THROUGH ARGENTINE EMBASSY IN WASHINGTON TO PERMIT VISIT BY US FACT FINDING TEAM.

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5. PEREZ VILLAMIL STATED THAT HE UNDERSTOOD ADDITIONAL MEETINGS IN SECRETARIAT FOR FOREIGN COMMERCE WOULD BE HELD BUT WAS UNAWARE THAT NO DATA WOULD BE GIVEN TO US TEAM. VILLAMIL OFFERED TO OBTAIN CLARIFICATION AND OBTAIN A GOA POSITION BY FRIDAY MAY 31. VILLAMIL ALSO OFFERED TO UNDERTAKE A CLARIFICATION OF TERMS AND SCOPE OF GOA INVITATION TO US FACT FINDING TEAM. THIS CLARIFICATION ALSO

TO BE GIVEN BY MAY 31.

6. DISCUSSIONS WITH PEREZ VILLAMIL AND PEREZ QUESADA WERE FRIENDLY AND DETAILED. THEY ALSO INDICATED CONCERN OF FONMIN OVER COURSE OF EVENTS IN DEALING WITH FOOTWEAR PROBLEM. FONMIN QUERIED IRVIN CONCERNING STATUS OF US ACTION RELATING TO SIMILAR PROBLEMS INVOLVING SPANISH AND BRAZILIAN FOOTWEAR AND WERE BROUGHT UP TO DATE. THEY WERE THOROUGHLY BRIEFED ON PROBABLE SEQUENCE AND TIMING OF ACTIONS TAKEN BY TREASURY IN CASES WHERE DATA IS SUPPLIED BY EXPORTER COUNTRIES AND IN CASES WHERE OFFICIAL DATA AND INFORMATION IS REFUSED. IRVIN AND ELSBERND HIGHLIGHTED THE OPPORTUNITIES FOR FURTHER CONSULTATIONS WHICH ARE PRESENT WHEN EXPORTER COUNTRY COOPERATES AND IDENTIFIED POSSIBLE ACTIONS TO AVOID COUNTERVAILING DUTY CONFRONTATION. IRVIN IMPRESSED UPON VILLAMIL AND QUESADA THE SERIOUSNESS OF SITUATION AND STATED THAT THE TREASURY DEPT MAY HAVE NO ALTERNATIVE BUT TO PUBLISH A COUNTERVAILING DUTY PROCEEDING NOTICE BASED ON THE BEST INFORMATION AVAILABLE.

7. IN LATE MORNING OF MAY 31 PEREZ VILLAMIL CONTACTED EMBASSY TO REPORT FOLLOWING HIS CONSULTATIONS WITH GOA, THAT OFFICIAL GOA POSITION IS PROPER FORUM FOR DISCUSSIONS OF ARGENTINE EXPORT PROMOTION SYSTEM AND US REACTION THERETO IS IN SCCN AND THAT GOA NOT PREPARED TO PROVIDE DATA AND INFORMATION TO US TEAM IN BUENOS AIRES.

8. WHEN QUERIED CONCERNING HIS INVESTIGATION OF HOW MISUNDERSTANDING AROSE, WHICH RESULTED IN US TEAM VISIT, PEREZ VILLAMIL STATED ECONOMIC COUNSELOR ARGENTINE EMBASSY IN WASHINGTON KNEW THAT GOA NOT PREPARED TO PROVIDE INFORMATION BUT WAS WILLING TO DISCUSS, IN GENERAL TERMS, PROBLEM ARISING FROM FOOTWEAR EXPORTS TO US. HE IMPLIED THAT ARGENTINE ECON LIMITED OFFICIAL USE

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COUNSELOR DID NOT FULLY CARRY OUT HIS INSTRUCTIONS WHEN DISCUSSING MATTER WITH US TREASURY OFFICIALS IN WASHINGTON.

9. US TEAM GATHERING RELEVANT DATA FROM EMBASSY AND OTHER NON-GOA SOURCES. TEAM PLANS RETURN, LEAVING B.A. LATE JUN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, MEETING PROCEEDINGS, SHOES, COUNTERVAILING DUTIES, TRADE COMPLAINTS, MEETINGS, VISITS, EXPORT DATA
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Draft Date: 31 MAY 1974
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